

Message Text

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DRAFTED BY EB/IFD/OMA:BGCROWE

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 301013

FOR RPT KINSHASA 10117 ACTION SECSTATE 2 DEC QUOTE

C O N F I D E N T I A L KINSHASA 10117

E.O. 11652: GDS

TAGS: ETEL CG EFIN

SUBJECT: DOMSAT

REF: STATE 287641

1. AMBASSADOR DISCUSSED DOMSAT WITH FRENCH AMBASSADOR ROSS DECEMBER 1, POINTING OUT THAT THIS NEW COMMITMENT COULD CAUSE PROBLEMS FOR CURRENT IMF AND PRIVATE BANK EFFORTS. ROSS WAS DEFENSIVE, BUT POINTED OUT THAT DOMSAT WAS NOT A NEW COMMITMENT SINCE IT HAD BEEN AGREED BETWEEN MOBUTU AND GISCARD BACK IN AUGUST 1975 WHEN FRENCH PRESIDENT VISITED HERE. TO AMBASSADOR'S FURTHER POINT THAT DOMSAT COULD HAVE SIGNIFICANT IMPLICATIONS FOR ZAIRE'S FUTURE DEBT SERVICE, ROSS ANSWERED HIM THAT FRENCH INTENDED "TO GO SLOWLY."

2. DCM SAW IMF REP RUSSO EVENING OF DECEMBER 1 AND ASKED IF RUSSO INTENDED TO RAISE DOMSAT WITH MOBUTU IN CONNECTION WITH STABILIZATION PROGRAM. RUSSO SAID THAT SINCE CONTRACT HAD ALREADY BEEN SIGNED HE COULD NOT INSIST THAT IT BE CONFIDENTIAL

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CANCELLED, SINCE UNDER CURRENT STABILIZATION PROGRAM FUND

HAD NO RIGHT TO SO DICTATE. RUSSO SAID HE WOULD POINT OUT TO PRESIDENT, HOWEVER, THAT SUCH CONTRACTS WOULD BE PROHIBITED UNDER NEW STABILIZATION PROGRAM AND THAT DOMSAT WOULD COMPLICATE PRESENTATION OF NEW PROGRAM TO IMF BOARD.

3. ELIMA OF DECEMBER 2 CARRIES FRONT PAGE ARTICLE ON DOMSAT MAKING POINT THAT IT WAS AGREED UPON IN AUGUST 1975 BETWEEN MOBUTU AND GISCARD. THRUST OF ARTICLE AND ACCOMPANYING EDITORIAL IS THAT DOMSAT IS PRIORITY PROJECT IN CONTEXT OF NATION BUILDING. FULL TEXTS SENT SEPTEL.

4. MOBUTU LETTER TO IMF REQUESTING FIRST STANDBY AND LAYING OUT GOZ "INTENTIONS" WITH REGARD TO STABILIZATION PROGRAM WAS DATED FEBRUARY 12, 1976. OPERATIVE PARAGRAPH THAT LETTER, WITH RELATION TO DOMSAT, SAYS: QUOTE ZAIRE ALSO INTENDS TO ABSTAIN FROM CONTRACTING OR GUARANTEEING NEW LOANS ABROAD WITH A MATURITY RANGE OF BETWEEN ONE AND TEN YEARS, OTHER THAN FOR THE CONTINUATION OF PRIORITY PROJECTS ALREADY UNDER WAY, AND TO RE-EXAMINE OUTSTANDING COMMITMENTS NOT YET UTILIZED WITH A VIEW TO CANCELING THOSE RELATING TO NONPRIORITY PROJECTS. UNQUOTE

5. THUS, ZAIRE HAS THE ARGUMENT, WHICH THE IMF SEEMS PREPARED TO ACCEPT, THAT DOMSAT (A) IS NOT A NEW LOAN, I.E., IT PREDATES THE MOBUTU LETTER AND (B) IS A PRIORITY PROJECT, WHICH THEY REVIEWED (SINCE AUGUST 1975) AND REAFFIRMED. AND IF THE FUND DOES NOT INTEND TO FIGHT DOMSAT, WE CANNOT SEE WHAT HANDLE THE USG HAS TO FURTHER PROTEST TO THE ZAIRIANS. WE COULD PURSUE DIRECTLY WITH THE FRENCH, BUT THAT SHOULD TAKE PLACE IN PARIS.

6. SUGGEST WE AWAIT RESULTS OF RUSSO-MOBUTU MEETING TOWARD END OF NEXT WEEK BEFORE WE COME TO FINAL DECISION ON WHAT, IF ANYTHING, REMAINS TO BE DONE.

CUTLEYR
UNQUOTE ROBINSON

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